

CLIMATE INVESTMENT FUNDS

SREP/SC.10/7
October 7, 2013

Meeting of the SREP Sub-Committee
Washington D.C.
October 31, 2013

Agenda Item 7

REVIEW AND SELECTION OF CONCEPTS TO BE FINANCED FROM THE SREP PRIVATE SECTOR SET ASIDE

(SUMMARY)

PROPOSED DECISION

The SREP Sub-Committee reviewed the document, SREP/SC.10/7 *Review and selection of concepts to be financed from the SREP private sector set aside*, and notes with appreciation the work of the expert group.

The SREP Sub-Committee:

- a) endorses the following project concepts to be further developed for SREP funding approval:

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- b) invites the MDBs for the selected project concepts to prepare, in collaboration with the project proponent, a detailed project document and submit it to the SREP Sub-Committee for SREP funding approval.
- c) requests the CIF Administrative Unit, in collaboration with the MDBs and the pilot countries, to further analyze the effectiveness and value-added of the SREP private sector set-aside, including its competitive selection process with a view to improve the current procedures should a second round of funding be made available and to share lessons learned with interested stakeholder groups. Results from the analysis and lessons learned should be shared at the next SREP Sub-Committee meeting.

I. INTRODUCTION

1. The *Procedures for Allocating SREP Resources on a Competitive Basis from a Set Aside* (annexed to this report) were approved by the SREP Sub-Committee on April 9, 2013 through a decision-by-mail. USD 90 million in funds were available for the set aside.

2. The CIF Administrative Unit invited focal points in SREP pilot countries and SREP contributor countries to submit names and resumes of experts with appropriate experience, including experience with private sector development and/or investment, for the expert panel. The MDB Committee in their meeting of June 19, 2013 proposed four experts (two nominated by pilot countries and two nominated by contributor countries). The list of the four proposed experts was submitted to the Sub-Committee for approval by mail on July 15, 2013. The selected experts are:

- a) Tamara Babayan, Armenia
- b) Ashington Ngigi, Kenya
- c) Robert van der Plas, Netherlands
- d) Nadia Crandall (Chairperson for the panel), UK.

3. Twelve concept proposals were submitted to the CIF Administrative Unit by the MDBs for review by the experts. This included projects located in the first six SREP pilot countries: Ethiopia, Honduras, Kenya, Maldives, Mali, and Nepal. Additionally, three regional proposals were submitted spanning several of the pilot countries.

4. The experts prioritized the concept proposals based primarily on the ability of projects to advance SREP program objectives, and investment criteria, as well as additional objectives contained in the SREP set-aside design document:

- a) alignment with the objective of the country investment plans;
- b) level of innovation proposed;
- c) demonstration of private sector support and engagement;
- d) project readiness and sustainability, for example the projects are expected to be approved by MDBs and implementation would begin within 12 months or shorter¹; and
- e) progress that has been achieved in implementing other projects under the endorsed investment plan.

¹ To be substantiated by readiness criteria under development by the MDBs.

5. The expert group has recommended a priority list of 6 concepts amounting to USD 84.6 million in SREP funding to be allocated from the USD 90 million available in the set aside. Further, the expert review group has also included an additional list of 3 concepts for USD 37 million, which could be usefully considered by the Sub-Committee if further preparatory work is undertaken and additional funds are made available. Finally, the expert group recommends that 3 concepts not be pursued as they did not meet the criteria mentioned above.

6. The expert review group has developed a scoring system to support its recommendations and prioritizations. The common format facilitated comparability among the proposals and demonstrates a consistent application of the criteria. The details of this scoring system as well as an analysis of lessons learned can be found in the expert's report to the SREP Sub-committee in Annex I. The two tables on the following page represent the initial project ranking based on the scorecard provided in the Proposal for Allocation of SREP Resources (SREP/SC.8/6, October 15, 2012) - at the bottom of the page, and the final project rankings based on the scoring system developed by the expert group (at the top of the page).

7. At its meeting in October 2012, the Sub-Committee agreed that SREP resources should be set aside for allocation to programs and projects, selected on a competitive basis, to provide SREP funding to:

- a) private sector clients working through MDB private sector arms, or
- b) public sector entities which would in turn channel all funds to private sector recipients, through innovative, competitive mechanisms such as competitive allocation of subsidies to private sector entities, public-private partnerships, or results-based financing.

8. Among the 12 proposals submitted, 11 called for concessional loans, of these 3 called for additional grant funding, and 1 called only for grant funding. The MDB committee recommends that the Sub-Committee approve the 6 priority concepts selected by the expert group, including those requiring grant resources of USD 6 million out of a total of USD 84.6 million. However, the Sub-Committee is invited to clarify the type of funding that would be available for any future rounds under these competitive procedures if additional resources were made available.

FINAL PROJECT RANKINGS AND CUMULATIVE FUNDING CALCULATIONS USING AMENDED SCORECARD DEVELOPED BY THE EXPERT GROUP

Country	Project Name	MDB	Total Score	Funding Req USD	Cumulative Funding USD	Public Sector Arm	Private Sector Arm	Breakdown Private Versus Public
Maldives	Satellite Islands Renewable Energy Program	ADB	18	10	10		x	Public: 9.50% Private: 90.50%
Honduras	Strengthening of the ADERC H-REFF	IDB	14	15	25		x	
Mali	Scatec Solar PV 33 MW	AfDB	13	25	50		x	
Kenya	Kopere Solar Park	AfDB	13	11.6	61.6		x	
Nepal	ABC Business Models for Off-Grid Energy Access Nepal	IBRD	11	8	69.6	x		
Honduras	Sustainable Facility for Self Supply Renewable Energy	IDB	11	15	84.6		x	
Kenya	East Africa Climate Venture Facility (EACVF)	IBRD	10	10	94.6	x		
Kenya/Ethiopia	Sustainable Power for Rural Communities	AfDB	10	7	101.6		x	
Regional	Risk Mitigation Program to Address Regulatory & Credit Risks	IBRD	10	20	121.6	x		
Regional	ABC Business Models for Off-Grid Energy Access	IBRD	9	19	140.6	x		
Honduras	Sustainable fuel wood use in SMEs	IDB	8	3.5	144.1		x	
Regional	Financial Intermediation for SMEs in African Pilot-Countries	AfDB	7	15	159.1		x	

INITIAL PROJECT RANKINGS USING SCORECARD PROVIDED FOR PRIORITISING SREP PROPOSALS

Country	Project Name	MDB	Total Score	Funding Req USD	Cumulative Funding USD	Public Sector Arm	Private Sector Arm	Breakdown Private Versus Public
Honduras	Strengthening of the ADERC H-REFF	IDB	26	15	15		x	Public: 31.50% Private: 68.50%
Regional	ABC Business Models for Off-Grid Energy Access	IBRD	25	19	34	x		
Kenya/Ethiopia	Sustainable Power for Rural Communities	AfDB	24	7	41		x	
Mali	Scatec Solar PV 33 MW	AfDB	24	25	66		x	
Nepal	ABC Business Models for Off-Grid Energy Access Nepal	IBRD	24	8	74	x		
Kenya	Kopere Solar Park	AfDB	23	11.6	85.6		x	
Maldives	Satellite Islands Renewable Energy Program	ADB	23	10	95.6		x	
Honduras	Sustainable Facility for Self Supply Renewable Energy	IDB	19	15	110.6		x	
Kenya	East Africa Climate Venture Facility (EACVF)	IBRD	18	10	120.6	x		
Regional	Financial Intermediation for SMEs in African Pilot-Countries	AfDB	18	15	135.6		x	
Regional	Risk Mitigation Program to Address Regulatory & Credit Risks	IBRD	18	20	155.6	x		
Honduras	Sustainable fuel wood use in SMEs	IDB	17	3.5	159.1		x	